

Fixed Income Snapshot

December 4, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	1-Dec-10	102.26	1.59	0.02
5 YR	3.500	1-Jun-13	105.28	2.25	0.05
10 YR	4.250	1-Jun-18	109.16	3.12	0.35
30 YR	5.000	1-Jun-37	121.30	3.77	0.40



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	1.250	30-Nov-10	100.70	0.90	-0.02
5 YR	2.000	30-Nov-13	101.90	1.60	0.04
10 YR	3.750	15-Nov-18	109.66	2.64	0.13
30 YR	4.500	15-May-38	125.72	3.15	0.05



FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.2645	0.0100	-
CAD/US	0.7908		
EUR/CAD	1.5948	0.0014	-
GBP/CAD	1.8442	-0.0079	+
CAD/JPY	73.4500	-0.9600	-

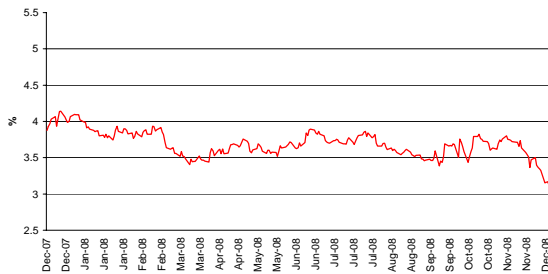
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.2613	-0.0092	+
GBP/USD	1.4585	-0.0186	+
USD/JPY	92.7400	-0.5500	-

NOTABLE QUOTES	

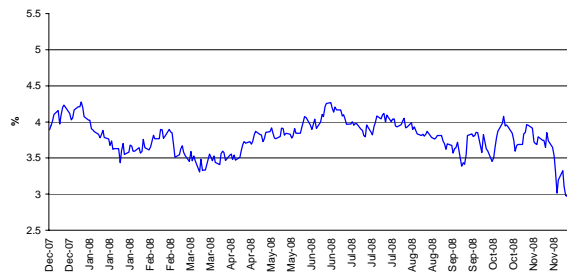


1 Year Charts

Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

Rate cuts are coming fast and furious around the world.

England, ECB, Sweden, and New Zealand all cut aggressively this morning. Bonds in North America are trading modestly higher, however the overseas equities like the news and are slightly higher.

Job cut announcements are still coming fast and furious. **AT&T** announced it would lay off 12,000, **Dupont** estimates 2500 cuts and **Credit Suisse** will send 5300 packing. All come with reports of deeper losses and declining revenues.

Initial Jobless Claims printed a little better declining by 21k since last week, but they are still above 500k. **Continuing Claims** rose again, however, and are now above 4 million. We shouldn't be excited about a jobless claims number that prints above 500,000. Ever.

In Canada, Building Permits got rocked after September's surprise upside. They dropped almost 16% on the month. Real Estate forecasts are all being revised downwards. **Blackmont real estate research**

associate **Ryan Ng** writes the following:

"Re/Max forecasts that housing prices will fall about 5% across Canada by the end of 2009 due to the slumping economy and deteriorating consumer confidence. The largest drops are expected in major cities in BC (where prices have risen most in recent years), and parts in Southwestern Ontario (which are hit by automotive and manufacturing job losses). Some economists believe that Re/Max's prediction is too conservative. Benjamin Tal (CIBC World Markets) sees house prices fall by approx. 10% across Canada over the next 12 months, while Adrienne Warren (Scotia Bank) forecasts house prices to drop 5% - 10% in 2009."

We respectfully feel these estimates are optimistic.

The CAD\$ is declining against the majors this morning. Perhaps last night's political addresses are weighing in. More likely the sharp rate cuts have investors a little nervous, heading for the big dollar. The short term rates there are already zero!

Canadian money market rates continue to fall precipitously on anticipated rate cuts next week.

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